

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 77 - HB 67

April 14, 2015

SUMMARY OF ORIGINAL BILL: Removes park trailers from the regulatory authority of the Tennessee Department of Commerce and Insurance (TDCI). Removes current registration and licensure fee amounts for manufactured home installers, manufacturers, and retailers and authorizes the Commissioner of the TDCI to set the registration fee for such licensees in its rules. Increases the civil penalty, from \$1,000 to \$1,100, for each instance in which an individual violates any provision of the *National Manufactured Home Construction and Safety Standards Act of 1974 (NMHCSSA)* and increases, from \$1,000,000 to \$1,375,000, the total civil penalty allowable to be assessed for a series of violations against the *NMHCSSA* occurring within one year from the date of the first violation.

Requires new manufactured homes' installation instructions to be Design Approval Primary Inspection Agency (DAPIA) approved when provided or if instructions are not provided, the home must be installed according to instructions that meet federal manufactured home installation standards pursuant to the *NMHCSSA*. All installation shall comply with the Federal Emergency Management Agency (FEMA) regulations applicable to flood zones.

FISCAL IMPACT OF ORIGINAL BILL:

Other Fiscal Impact - TDCI may decide to increase or decrease the registration fee amounts in the future, despite not having such intention at this time. If fees rates are changed, there will be a corresponding increase or decrease in revenue collected by TDCI. Any future change in fee revenue is indeterminable.

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Fiscal Impact - TDCI may decide to increase or decrease the registration fee amounts in the future, despite not having such intention at this time. If fees rates are changed, there will be a corresponding increase or decrease in deductible business expenditures incurred by manufactured home installers, manufacturers, and retailers. To the extent known, any future change in fee amounts are undeterminable.

SUMMARY OF AMENDMENT (005691): Makes nominal changes to the definition of "personal use" as introduced in the original bill. Prohibits the first percentage increase to the registration fee for a manufactured home installer, manufacturer, or retailer's license after the effective date of this proposed legislation, or January 1, 2016, from exceeding one hundred percent of the current fee for an installer, manufacturer, or retailer's license, respectively. Specifies that the fee for an installer's license may not exceed \$125, the fee for a manufacturer's license may not exceed \$500, and the fee for a retailer's license shall not exceed \$250. Creates

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additional requirements with regards to applications for a manufactured home retailer's license. This proposed legislation has an effective date of January 1, 2016.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue – Exceeds \$11,300/Division of Fire Prevention/ Department of Commerce and Insurance

Assumptions for the bill as amended:

- Based on information provided by the TDCI, this bill updates statute in order to comply with requirements of *NMHCSSA*, a program administrated by the U.S. Department of Housing and Urban Development and carried out state-wide by the Commissioner of TDCI.
- Current annual registration fee amounts by license category pertaining to manufactured homes:
 - Installer: \$25;
 - Manufacturer: \$100; and
 - Retailer: \$40.
- This legislation would allow TDCI to increase the fees significantly above the current fees charged to licensees.
- It is assumed that TDCI will increase current licensing fees by 100 percent.
- Current registration fee amounts adjusted to represent a 100 percent increase (2 x current fee amount):
 - Installer: \$50 (2 x \$25), an increase of \$25 (\$50 - \$25);
 - Manufacturer: \$200 (2 x \$100), an increase of \$100 (\$200 - \$100); and
 - Retailer: \$80 (2 x \$40), an increase of \$40 (\$80 - \$40).
- The average number of annual registrants per each manufactured housing licensing category multiplied by the assumed increase in registration fee:
 - Installer: 110 licensees x \$25 = \$2,750;
 - Manufacturer: 29 licensees x \$100 = \$2,900; and
 - Retailer: 141 licensees x \$40 = \$5,640.
- There will be a recurring increase in state revenue of at least \$11,290 (\$2,750 + \$2,900 + \$5,640).
- Based on information provided by TDCI, there have been no instances of prosecution in regards to civil penalties for violations of the *NMHCSSA*; therefore, increasing the amount of civil penalty will result in no significant fiscal impact to the department.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Increase Business Expenses – Exceeds \$11,300

Assumption for the bill as amended:

- This legislation will result in an increase in deductible business expenses for manufactured home installers, manufacturers, and retailers of at least \$11,290.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

/jdb